

Message Text

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FM AMEMBASSY THE HAGUE

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TAGS: EGEN, NL

SUBJ: AMBASSADOR SPEAKS ON DUTCH-AMERICAN ECONOMIC RELATIONSHIP

1. SUMMARY: POSITIVE CURRENTS IN DUTCH-AMERICAN ECONOMIC RELATIONS WERE THE THEME OF SPEECH BY AMBASSADOR BEFORE ECONOMIC FACULTY AND STUDENTS IN ROTTERDAM, FEB 2. END SUMMARY.

2. THE AMBASSADOR USED THE OCCASION OF A SPEECH TO THE ECONOMICS FACULTY AND STUDENTS AT ERASMUS UNIVERSITY IN ROTTERDAM FEB 2 TO EMPHASIZE PUBLICLY THAT THE DUTCH-AMERICAN ECONOMIC RELATIONSHIP IS IMPORTANT, HAS A DYNAMIC OF ITS OWN AND IS MUTUALLY SATISFACTORY. CONCENTRATING ON THOSE ASPECTS THAT RELATE TO THE PRIVATE SECTOR, HE POINTED OUT THE SURPRISINGLY STRONG POSITION THE NETHERLANDS HAS IN STATISTICS MEASURING FOREIGN INVESTMENT IN THE US (THIRD IN TOTAL ASSETS, FIRST IN NET WORTH, FIRST IN BOOK VALUE OF DIRECT INVESTMENT AND OUTSTANDING LOANS TO US AFFILIATES) AND THE BALANCING STRENGTH OF THE US AS SUPPLIER TO THE NETHERLANDS (SECOND ONLY TO GERMANY, LARGELY BECAUSE OF REEXPORTS ON WHICH DUTCH TURN A HANDSOME PROFIT).

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3. AS EXAMPLES OF COOPERATIVE PROGRAMS THAT BENEFIT BOTH

COUNTRIES, THE AMBASSADOR NOTED THE NETHERLANDS ASTRONOMICAL SATELLITE BEING BUILT BY PHILLIPS AND FOKKER WITH ASSISTANCE FROM NASA AND LAUNCHED ON A US ROCKET; THE SPACE LABORATORY BEING CONSTRUCTED AT ESTEC TO FIT INSIDE THE SPACE-SHUTTLE BEING DEVELOPED BY NASA; THE FIVE-NATION CONSORTIUM PRODUCING THE F-16, FROM WHICH DUTCH INDUSTRY SHOULD OBTAIN WORK OF \$500 TO \$700 MILLION; AND THE POSSIBLE COOPERATIVE VENTURE BETWEEN RIJN-SCHELDE-VEROLME, GENERAL ELECTRIC AND SWITZERLANDS BROWN-BOVERI FOR SALE OF NUCLEAR REACTORS TO SOUTH AFRICA, WHICH WOULD PROVIDE ABOUT THREE THOUSAND MAN-HOURS OF WORK TO THE ECONOMICALLY-TROUBLED DUTCH SHIPBUILDING INDUSTRY.

4. MUTUALITY IN ECONOMIC SPHERE ALSO EXISTS IN SUBSTANTIAL WAY AT POLITICAL LEVEL AS WELL, AS AMBASSADOR EXPLAINED, MENTIONING SUCH COMMON GOALS OF OUR TWO GOVERNMENTS AS TRADE LIBERALIZATION, ASSISTANCE TO DEVELOPING COUNTRIES, SUCCESS OF CIEC, COOPERATION ON ENERGY PROGRAMS AND AGREEMENT ON NEW MONETARY SYSTEM.

5. THE AMBASSADOR EXPRESSED HOPE THAT POLICIES OF OUR TWO GOVERNMENTS IN WELCOMING FOREIGN INVESTMENT WILL CONTINUE BECAUSE THERE IS NO MORE EFFICIENT WAY TO ALLOCATE BASIC RESOURCES AND OTHER ELEMENTS OF PRODUCTION THAN THROUGH MARKET ACTIVITIES OF A FREE BUSINESS-ORIENTED SYSTEM WHERE GOVERNMENT INTERVENES ONLY TO PREVENT ABUSES OF DOMINANT SITUATIONS, WHICH ARE THEMSELVES DISTORTIONS OF A FREE-MARKET SYSTEM. HE SAID THAT THE BASIC FLAW IN STATE-RUN ECONOMICS IS THAT THEY MAKE NO USE OF THAT MOST ADVANCED OF ALL COMPUTERS, THE ONE THAT RESTS ON TOP OF THE SPINAL COLUMN OF THE AVERAGE BUSINESSMAN. HE SAW FREE-MARKETS AS A BAROMETER AND WARNING SYSTEM RESPONSIVE NOT ALONE TO FINANCIAL AND ECONOMIC CONDITIONS BUT ALSO TO GOVERNMENT POLICIES.

6. DURING QUESTION AND ANSWER SESSION FOLLOWING THE SPEECH, THE AMBASSADOR FIELDERD QUERIES ABOUT ALLEGED DIFFICULTIES BEING EXPERIENCED BY DUTCH FIRM PAKHOED IN SECURING CAPITAL ON US FINANCIAL MARKET, ABOUT WHETHER FREE-MARKET SYSTEM REALLY IS MORE EFFICIENT METHOD OF ALLOCATING RESOURCES, AND WHY US SEEMS TO FAVOR RIGHTIST REGIMES SUCH AS CHILE AND SPAIN.

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